

Message Text

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63

ORIGIN NEA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15

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TO AMEMBASSY AMMAN IMMEDIATE

AMEMBASSY ABU DHABI PRIORITY

AMEMBASSY MANAMA PRIORITY

AMEMBASSY CAIRO PRIORITY

AMEMBASSY ALGIERS PRIORITY

AMEMBASSY BEIRUT PRIORITY

AMEMBASSY DAMASCUS PRIORITY

AMEMBASSY DOHA PRIORITY

AMEMBASSY JIDDA PRIORITY

AMEMBASSY KUWAIT PRIORITY

AMEMBASSY MUSCAT PRIORITY

AMEMBASSY TRIPOLI PRIORITY

INFO AMEMBASSY ATHENS PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY PARIS PRIORITY

AMEMBASSY TEL AVIV PRIORITY

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E.O. 11652: N/A

TAGS: ETRD, XF, IS

SUBJECT: BOYCOTT OF ISRAEL: ANTITRUST SUIT AGAINST BECHTEL

AMMAN PASS TO ASSISTANT SECRETARY ATHERTON; PARIS FOR
DEPUTY ASSISTANT SECRETARY SOBER

1. "WASHINGTON POST" DECEMBER 17 FRONT PAGES CHARLES KRAUSE STORY THAT JUSTICE DEPARTMENT PREPARED TO FILE ANTITRUST SUIT AGAINST BECHTEL CORPORATION FOR ALLEGED COMPLIANCE WITH ARAB BOYCOTT OF ISRAEL WITH EFFECT OF RESTRAINT OF TRADE. (IN DECEMBER 15 ISSUE, "BUSINESS WEEK" AVERRED JUSTICE HOLDING UP ACTION ON SUIT AGAINST BECHTEL TO GIVE STATE DEPARTMENT TIME TO WEIGH FOREIGN POLICY IMPLICATIONS.)

2. "POST" STORY ALSO STATES SUIT BEING HELD UP BY STATE DEPARTMENT BUT, DESPITE STATE CONCERNS, "IT IS LIKELY JUSTICE WILL PROCEED BEFORE END OF JANUARY". STORY CONTINUES THAT "IF GOVERNMENT WINS SUIT AGAINST BECHTEL... AMERICAN CORPORATIONS COULD BE FACED WITH CHOICE OF LOSING BILLIONS OF DOLLARS A YEAR O" BUSINESS WITH ARAB COUNTRIES OR PARTICIPATING IN BOYCOTT AND RISKING BEING CHARGED WITH CRIMINAL VIOLATIONS OF U.S. LAW".

3. "POST" STATES IT IS NOT UNUSUAL FOR JUSTICE TO CONSULT STATE DEPARTMENT REGARDING FOREIGN POLICY IMPLICATIONS BEFORE SUIT IS FILED, BUT JUSTICE SOURCES SAID ONLY PRESIDENT CAN ORDER SUIT BE DROPPED AND "JUSTICE DEPARTMENT DOES NOT EXPECT THIS TO HAPPEN IN THIS CASE SINCE PRESIDENT HAS STATED PUBLICLY HE IS OPPOSED TO U.S. ACQUIESCENCE TO ARAB BOYCOTT OF ISRAELI GOODS AND OF CORPORATIONS THAT DO BUSINESS WITH ISRAEL". JUSTICE SOURCES SAID TO HAVE ACKNOWLEDGED THAT CASE INVOLVES "NEW INTERPRETATIONS OF ANTITRUST LAW" AND INDICATED THEY ARE INVESTIGATING NUMBER OF OTHER U.S. FIRMS THAT ALSO MAY HAVE PARTICIPATED IN BOYCOTT.

4. "POST" SAID BECHTEL SPOKESMAN CONTACTED DECEMBER 16
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DID NOT DENY BECHTEL HAS PARTICIPATED IN BOYCOTT, BUT STATED, "WE ABIDE BY THE LAW OF ALL COUNTRIES WHERE WE WORK, MOST IMPORTANTLY THE U.S." SPOKESMAN REPORTEDLY SAID BECHTEL POSITION WAS THAT IT IS NOT ILLEGAL UNDER PRESENT U.S. LAW TO REFUSE TO SELL GOODS TO ISRAEL OR REFUSE TO WORK THERE AS A CONDITION OF TRADING WITH THE ARAB COUNTRIES. HE ADDED BECHTEL HAS YET TO RECEIVE OFFICIAL NOTIFICATION FROM JUSTICE BUT WOULD FIGHT SUIT

IF AND WHEN FILED.

5. STORY ALSO REFERS TO LIST OF AMERICAN FIRMS
ACKNOWLEDGING PARTICIPATION IN BOYCOTT WHICH JUSTICE SAID
TO HAVE RECEIVED FROM COMMERCE DEPARTMENT AND TO CLAIM
THAT B'NAI B'RITH SPOKESMAN TOLD ASSISTANT ATTORNEY
GENERAL KAUPER IN JULY THAT DOCUMENTS SHOWED BOYCOTT
COMPLIANCE BY BECHTEL AND OTHER FIRMS.

6. WASHINGTON AND NEW YORK PAPERS OF DECEMBER 17 ALSO
CARRY STORIES ON (A) DECEMBER 12 FEDERAL RESERVE LETTER
URGING COMMERCIAL BANKS TO AVOID INVOLVEMENT IN FOREIGN
TRADE PRACTICES THAT DISCRIMINATE AGAINST FRIENDLY
NATIONS, AND (B) AMERICAN JEWISH CONGRESS PLAN TO FILE
SUIT DECEMBER 17 IN U.S. DISTRICT COURT SEEKING TO
BLOCK FURTHER IMPLEMENTATION OF 1974 U.S.-SAUDI
COOPERATIVE AGREEMENT AND SPECIFICALLY NAMING SECRETARIES
OF STATE, TREASURY, COMMERCE, AND INTERIOR (TREASURY
ASSISTANT SECRETARY PARSKY) AND AID ADMINISTRATOR AMONG
DEFENDANTS. THESE MATTERS ARE SUBJECTS OF
SEPTELS.
INGERSOLL

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